

ST 00-0235-GIL 10/26/2000 SALE AT RETAIL

Used tires allegedly given away with only charges for labor in removing the used tires from the wheels of salvaged vehicles are considered sales at retail. See 86 Ill. Adm. Code 130.101. (This is a GIL).

October 26, 2000

Dear Ms. Xxxxx:

This letter is in response to your letter dated September 30, 2000. The nature of your letter and the information you have provided require that we respond with a General Information Letter, which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120 subsections (b) and (c), which can be found at <http://www.revenue.state.il.us/legalinformation/regs/part1200>.

In your letter, you have stated and made inquiry as follows:

Effective Oct 1, 2000, used tires will no longer be sold at this site from this business. All used tires will be free with a \$10.00 labor fee for removing them from our wheels, so there is no longer a need for the ST-8 and ST-1 forms.

Based upon the information in your letter, we believe that your business will continue to be making retail sales of used tires regardless of how you characterize these types of sales. Your customers are not purchasing services from your business, they are purchasing used tires. The gross receipts from these sales remain subject to tax under the Retailers' Occupation Tax Act. See the enclosed copy of 86 Ill. Adm. Code 130.101 and 130.401. What ever labor cost your business incurs in obtaining the used tires, including removing them from the wheels of salvaged vehicles, are costs of doing business and are not deductible from its gross receipts. See the enclosed copy of 86 Ill. Adm. Code 130.401.

Additionally, these sales remain subject to the collection of tire user fees as provided under Section 55.8 et seq. of the Environmental Protection Act, 415 ILCS 5/55.8.

I hope this information is helpful. The Department of Revenue maintains a website, which can be accessed at www.revenue.state.il.us. If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of Section 1200.110(b) described above.

Very truly yours,

Terry D. Charlton
Associate Counsel

TDC:msk
Enc.